

MICHIGAN STRATEGIC FUND ACT (EXCERPT)
Act 270 of 1984

125.2088n Audits; reports.

Sec. 88n. (1) In addition to any audit requirements under section 9, not later than May 1, 2007 and each subsequent May 1, the auditor general shall conduct and report a financial postaudit of the commercialization board, the fund, and the investment fund for the immediately preceding fiscal year. Not less than once every 3 years beginning not later than October 1, 2007, the auditor general shall conduct and report a performance postaudit of the commercialization board, the fund, and the investment fund. The results of the performance postaudit and the postaudit of financial transactions and accounts shall be published on the internet and disseminated by other means in a manner determined by the fund to advise the citizens of this state of the result of the audits. Copies of the audits shall be provided to the governor, the clerk of the house of representatives, the secretary of the senate, and the chairpersons of the senate and house of representatives standing committees on appropriations.

(2) The auditor general may employ an independent public accounting firm to conduct the audits described in this section. The costs of the auditor general or of the independent public accounting firm in conducting the audits described in this chapter shall be funded by money in the 21st century jobs trust fund created in the Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.256, as provided in an appropriation. Prior to employing the services of an independent public accounting firm under this section, the auditor general shall require the entity to disclose any conflict of interest, criminal convictions, investigations by the internal revenue service or other federal or state taxing body or court, and any pertinent litigation regarding the conduct of the entity.

(3) All contracts approved by the fund for 21st century investments and all contracts approved by the commercialization board for grants or loans under this chapter shall contain a provision that the auditor general has access to the books and records, including financial records and all other information and data relevant to the terms of the contract related to the use of the grant, loan, or 21st century investment.

(4) If the fund board or the commercialization board has a reasonable belief that a breach of contract has occurred, the fund has the right to have the recipient's annual financial statements separately audited by an independent certified public accountant at its sole cost and expense. If the audit reveals that a breach of contract has occurred, the recipient shall reimburse the fund for the fees and expenses incurred to perform the audit.

(5) In addition to any reporting requirements under section 9, not later than March 31, 2007 and each subsequent March 31, the commercialization board and the fund shall report to the governor, the clerk of the house of representatives, the secretary of the senate, and the chairpersons of the senate and house of representatives standing committees on appropriations. The report shall contain all of the following for the immediately preceding fiscal year that are related to a grant or loan made by the fund as determined by the commercialization board:

- (a) A list of entities that received funding, the amount received, and the type of funding.
- (b) The number of new patents, copyrights, or trademarks applied for and issued.
- (c) The number of new start-up businesses.
- (d) The number of new jobs and projected new job growth.
- (e) Amounts of other funds leveraged.
- (f) Money or other revenue or property returned to the investment fund.
- (g) The total number of new licensing agreements by institution and the number of new licensing agreements entered into with Michigan based firms.
- (h) Products commercialized.

(6) Not later than March 31, 2007 and each subsequent March 31, the fund shall report to the governor, the clerk of the house of representatives, the secretary of the senate, and the chairpersons of the senate and house of representatives standing committees on appropriations. The report shall contain all of the following for the immediately preceding fiscal year that are related to a 21st century investment made by the fund board:

- (a) A list of entities that received funding, the amount received, and the type of funding.
- (b) The amount of qualified venture capital fund investments, qualified mezzanine fund investments, and qualified private equity fund investments under management in this state, including year-to-year growth.
- (c) The value of loan enhancement program investments, qualified private equity fund investments, qualified mezzanine fund investments, and qualified venture capital investments in qualified businesses, including year-to-year growth.
- (d) A statement of the amount of money received by or returned to the investment fund under this chapter.
- (e) A statement of the loan enhancement activity of the fund board under this chapter.

(f) A statement of the amount of money in each loan reserve fund established under the small business capital access program required under this chapter.

(g) Any recommendations for needed changes and any other information the board believes would be of interest to the governor, the legislature, and the public.

(7) As a condition of receiving funding under this chapter, the fund shall require a recipient to agree to provide to the fund the information necessary for the fund to produce the reports required under this section.

History: Add. 2005, Act 215, Imd. Eff. Nov. 21, 2005.

Popular name: Strategic Fund